August 12, 2016

Ex Parte

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, SW
Washington, D.C. 20554

> Re: *Business Data Services in an Internet Protocol Environment* (WC Docket No. 16-143); *Special Access for Price Cap Local Exchange Carriers* (WC Docket No. 05-25); *AT&T Corporation Petition for Rulemaking to Reform Regulation of Incumbent Local Exchange Carrier Rates for Interstate Special Access Services* (RM-10593)

Dear Ms. Dortch:

On August 8, 2016, Jonathan Banks, Patrick Brogan, and Diane Griffin Holland of USTelecom met with Pamela Arluk (by telephone), Irina Asoskov, William Kehoe, William Layton, Joseph Price, and Eric Ralph of the Wireline Competition Bureau to discuss the findings of our survey of small and medium-sized business customers with 5-100 employees to further inform the Commission's consideration of the business data services proceeding. The survey asked respondents about their businesses' use of Business Internet Access Service and Data Networking Services, which correspond to services termed by the Commission as "best efforts" service and Business Data Services (BDS).

USTelecom submitted a recent ex parte describing the meeting, noting that, "in response to specific questions from staff, USTelecom offered to supplement the record with additional information regarding the pool of respondents represented in the survey responses to enable the Commission and the public to better understand and assess the validity and potential impact of the survey's findings."[1] USTelecom hereby submits that information as requested by staff, which supplements the "Business Retail Customer Survey Methodology" (USTelecom Survey Methodology), filed as an Appendix to USTelecom's Comments in this proceeding.[2] Notably, the participants in the panels are broadly representative of businesses with between 5 and 100

---

[1] *See* Ex Parte Letter from USTelecom to Marlene H. Dortch, Secretary, FCC, WC Docket Nos. 16-143, 05-25, RM-10593 (Aug. 9, 2016), and Attachment (USTelecom Ex Parte Presentation).

[2] Comments of the United States Telecommunications Association, WC Docket No. 16-143 (USTelecom Comments) (Jun. 28, 2016), and Appendix (USTelecom Survey Methodology).

employees that purchase services to connect to the Internet and share data. As discussed in more detail below, over 40 percent of respondents utilized a cable company as their primary service provider. This matches nicely with industry analyst projections for this market today, which are based on more current data than the 2013 data collected by the Commission.[3]

First, as described in the USTelecom Survey Methodology, USTelecom's market research vendor used the following "trusted online panel partners to provide the sample": Branded Research, Innovate, and ROI Rocket. Attachment 1 provides background marketing materials describing the services and practices of these online panel partners.[4] Online market research is a large and growing field with many suppliers and appears to be utilized by many businesses across different sectors of the economy, including for general and targeted business surveys.[5] Online panel partners typically recruit panelists, manage the quality and integrity of panels, and supply panels in partnership with other market research organizations.

Second, in compiling the panel of respondents, the vendor asked several screening questions. In addition to standard screening criteria employed by market researchers, such as questions to verify non-duplication of panelists, age, and employment status, there were additional criteria that sought to screen out any bias in favor of particular types of broadband services. For example, the survey excluded panelists who worked directly or as a consultant in the telecommunications services and manufacturing industries.

The survey also sought to include only panelists who were knowledgeable about their company's use of business broadband services. Specifically, the survey asked potential panelists the extent of their involvement with the telecommunications products and services used by their businesses, including telephone, data and internet. The final survey included only responses from panelists who (1) made or were involved in decisions regarding which providers their business used and what services they needed, or (2) who did not make these decisions but knew the providers that their business used and what their options were. The survey excluded potential panelists who said they were "not involved in this area." To further ensure meaningful results, the survey provided potential panelists with definitions of Business Internet Access Service and Data Networking Service,[6] and then asked them to identify whether they had either or both of these services at their business location. The survey excluded potential panelists who either did not affirm that they had these services at their business location or who were unsure if they had these services. Finally, as an additional quality check, the survey excluded those who claimed to be knowledgeable about the service(s) and provider(s), but who could not or would not identify their provider or provider(s).

---

[3] Paul de Sa, Ian Chun, and Julia Zheng, Bernstein, "U.S. Telecom: A Primer on the $70B Enterprise Telecom Market (Cable's Opportunity = Telcos' Loss?)" (Jul. 16, 2015) (Bernstein Analysis).

[4] Additional material is available from the respective web sites of these online market research firms: http://brinc.co/, http://www.innovatemr.com/, and https://www.roirocket.com/.

[5] *See generally* Attachment 1.

[6] *See* USTelecom Ex Parte Presentation, Attachment at 2.

Additionally, the vendor set respondent targets by business size category "[t]o ensure the inclusion of a broad mix of companies."[7] The overall targets were 400 interviews each for small companies (5 to 24 employees) and medium companies (25 – 100 employees). Within those broad categories, there were further targets of between 150 and 250 interviews for each of the following company size groups: 5-9 employees, 10-24 employees, 25-49 employees, and 50-100 employees. Some potential panelists were excluded to achieve the business size targets. Also, USTelecom's market research vendor "'soft-monitored' for well-balanced geographic distribution."[8] As a result, the survey sample was roughly evenly distributed among the four business size categories and represented a wide geographic distribution.[9]

The table in Attachment 2 describes the criteria on which potential panelists were screened and the number excluded based on each criterion. Note that the screening questions appeared sequentially and the survey was terminated immediately upon a potential respondent providing a disqualifying response. Therefore, it is possible that a respondent might be disqualified for multiple reasons but the table would not necessarily reflect that.

While the vendor took extraordinary care to screen for knowledgeable and unbiased respondents, the USTelecom Survey Methodology noted that "[a]s with any non-probability sample, the results of this survey sample cannot technically be considered to be representative of a population of interest. This is due to the self-selected nature of opt-in online panels. Not all members of the population of interest self-select into the panel, and as such didn't have an opportunity to be sampled."[10] Nonetheless, despite this disclaimer that statistically the survey *cannot technically be considered to reflect* the broader population, there is no reason to believe the survey results are substantially different than actual trends. For example, approximately 45 percent of Business Internet Access Service customers and 40 percent of Data Networking Service customers included in our sample used a cable company as their primary service provider.[11] Consistent with those findings, independent analysts at Bernstein estimated that cable operators' market share was 60 percent for the business segment with up to 10 employees and 44 percent for the business segment with 10 to approximately 135 employees in 2015.[12]

---

[7] USTelecom Survey Methodology.

[8] *Id.*

[9] *See id.* There were 395 respondents in the small business, or 5-24 employees, category, consisting of 184 in the 5-9 employees subcategory and 211 in the 10-24 employees subcategory. There were 400 respondents in the medium-sized business, or 25-100 employees, category, consisting of 201 in the 25-49 employees category and 199 in the 50-100 employees category. Respondents represented 48 states and the District of Columbia. The only states not reflected in the sample were Kansas and New Hampshire. There were no restrictions that would necessarily exclude any particular geographic areas, such as rural areas.

[10] USTelecom Survey Methodology.

[11] USTelecom Ex Parte Presentation, Attachment at 1.

[12] *See* Bernstein Analysis at Exhibit 2 (defining the "Residential +" market segment as consisting of businesses with up to 10 employees per firm and the "Low complexity" segment as

Our survey indicates widespread recognition among small and medium businesses that cable is an alternative for Data Networking, which is analogous to what the Commission defines as BDS. Among Data Networking customers that did not have cable as their primary provider, 70 percent of those who actually make decisions with respect to telecommunications services and providers were affirmatively willing to consider cable, and only 12 percent were unwilling to consider cable.[13] Our survey did not directly ask about future willingness to switch between Data Networking and Business Internet Access services. But, from this data showing very strong willingness to substitute cable-provided service, we can infer that either cable Data Networking was widely available at the time that the survey was taken, that cable Business Internet Access – already known to be widely available – was perceived by customers to be a sufficient alternative to Data Networking, or both. Given the significant growth in deployment of cable fiber and Ethernet services in the last couple years, documented on the record in this proceeding,[14] it is likely that cable Data Networking services were, in fact, widely available. Regardless, cable is widely perceived by business customers with between 5 and 100 employees as a competitive alternative for their business internet access and data needs.

Sincerely,

Patrick Brogan
Vice President, Industry Analysis

Attachments

cc: Pamela Arluk
    Irina Asoskov
    William Kehoe
    William Layton
    Joseph Price
    Eric Ralph

---

consisting of businesses with 10 to somewhere between 100 and approximately 150 employees per firm); Exhibit 3 (clarifying that the low complexity segment consists of small businesses with two to three locations and up to approximately 45 employees per location); and Exhibit 7 (listing market shares by business segment and provider segment). The Bernstein Analysis is based on actual data for 2010 to 2014 and provides estimates for 2015-2019.

[13] USTelecom Ex Parte Presentation, Attachment at 5.

[14] *See* Reply Comments of United States Telecom Association, WC Docket 05-25, RM 10-593, at 9 and n.31 (Feb. 19, 2016) (providing a non-exhaustive list of metro areas where Comcast has deployed Ethernet since 2013 through early 2016).

Attachment 1

brinc
branded research inc.

OUR SAMPLE VITALS

Branded Research Inc. is a leading online market research provider. Through our comprehensive online panel, MintVine, our consumer and business panelists provide companies the consumer and business insights needed to make definitive decisions about their products and services. Today's world is socially connected in a way considered unimaginable only a short time ago. Our recruitment practices and community-centric philosophy leverages this new connectedness, and we employ new technologies to provide market researchers with the most diverse, current, and responsive panelists worldwide.

A Quick Snapshot...

- 2.35M + worldwide panelists
- 1.9M+ U.S. panelists
- 200+ web publisher and global sample partners
- Hyper-targeted criteria – demographic, psychographic and geographic
- Highly granular targeting attributes
- Specialty panels
- Mobile and SMS solutions

ESOMAR
| member

MintVine

What Makes Us Different?

Branded Research builds communities with *actively* engaged respondents. This provides us a distinct quality advantage over traditional market researchers.

A COMMITMENT TO QUALITY

Managing panel integrity is a top priority at Branded Research. Like much of what we do, we rely on technology to ensure the highest quality in panel recruitment and respondent management.

Moreover, Branded Research doesn't just create panels, we create communities. We reward and incentivize our respondents resulting in a better user experience and higher quality data.

Branded Research uses a variety of methods to ensure the highest quality of respondent data, including:
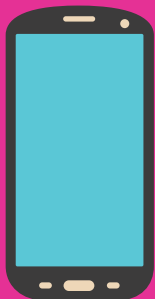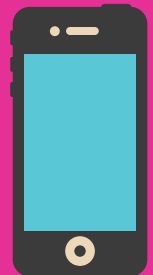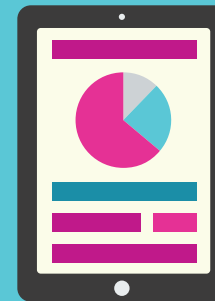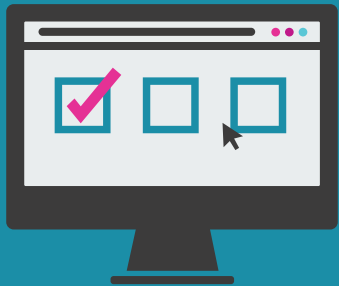
- MintID-Our proprietary digital fingerprinting technology.
- Strict double opt-in verification
- Random fraud screening and consistency checks
- Geo IP Detection & duping filters
- Service traffic analysis
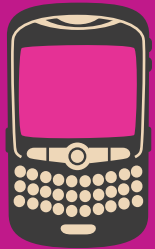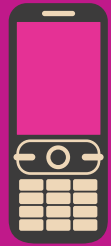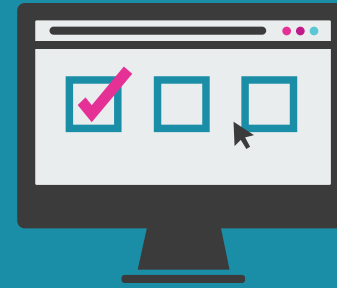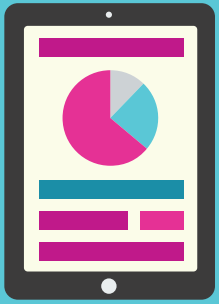
innovate

Panel Book 2016

Innovate Online Sample

When it comes to user engagement, sampling automation techniques and panelist quality controls, we wrote the playbook. The Innovate team has a rich history in online sample management and data collection. Since 1999, we have built specialty panels for market research clients and scaled these global panels to tens of millions of registered survey respondents. While size is impressive, it does not eclipse both quality and reach.

At Innovate, quality and reach is what separates us from our competition. The ability to target specific members of our panel on demand, deliver reliable responses and shorter project times are the foundations of our business. Clients trust us with their projects because we are innovative, reliable and knowledgeable. Our client services consists of knowledgeable sales representatives, project managers, and a responsive team of professionals.
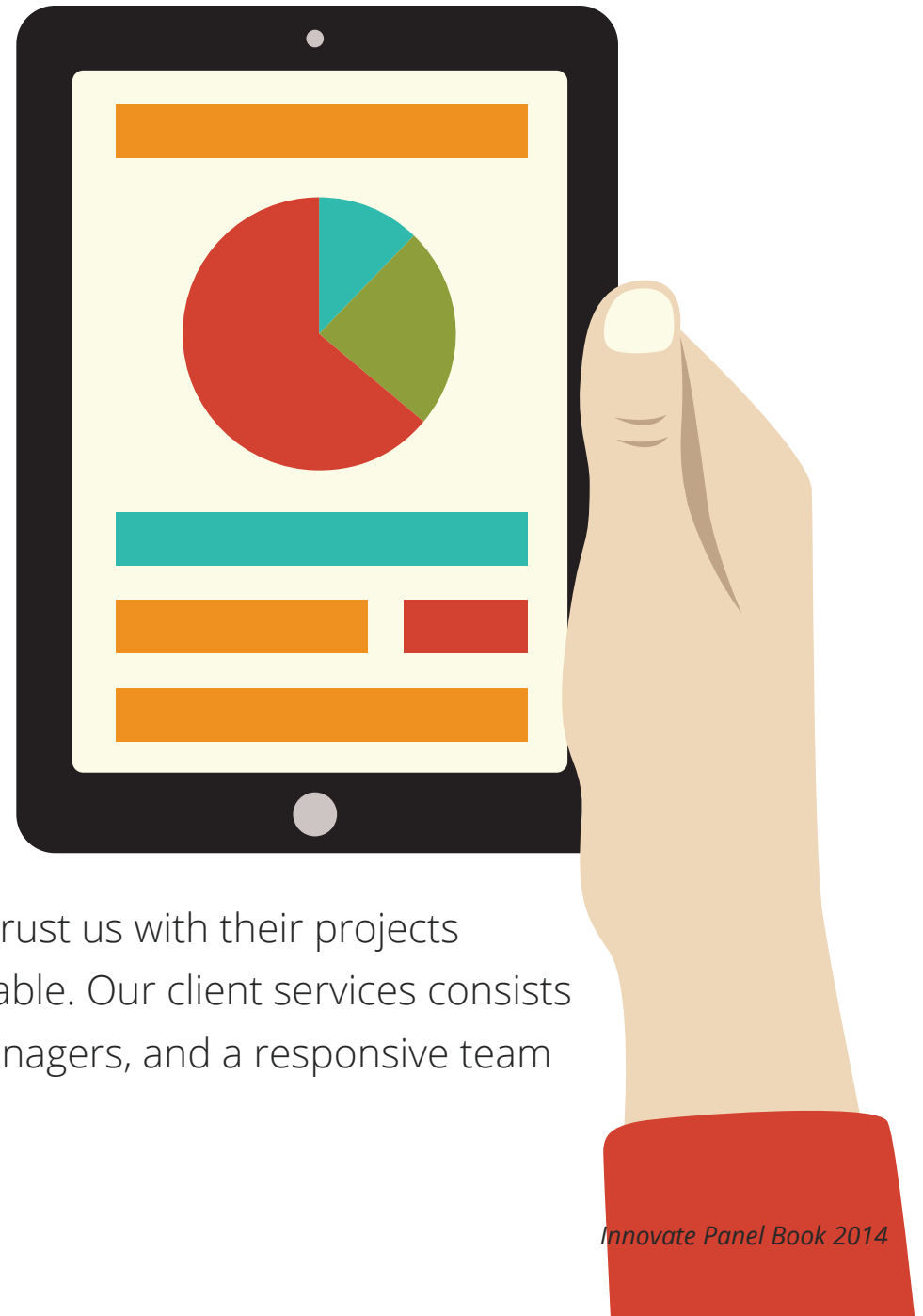
Q&A

Q. **What quality protocols are in place at Innovate?**

A. Innovate has assembled the best and brightest sampling professionals to oversee our quality standards. Our team harnesses the power of automated technology to closely track respondent behaviors and proactively remove members who demonstrate actions that do not align with our standards. Advanced algorithms longitudinally track member performance and automatically deactivate users who exhibit poor quality. Red herring questions are presented to participants to test engagement and panel honesty. Straight-lining and speedy completions are also monitored and logged inside our system. Additionally, we rely on geo-IP flagging, third-party PII validation as well as digital fingerprinting to prevent duplication.

Q. **How often does Innovate contact panelists?**

A. Over-utilization can threaten the quality of any panel, as such, we carefully balance our outreach through availability and contact rules programed into our system. This approach ensures we are respecting a respondent's time and deters negative or over-zealous behaviors from surfacing. Our

members typically receive anywhere from 3-5 survey invitations each week, with a maximum of one reminder for each project. Additionally, user preferences are recorded on our member profile page so that we may always maintain an optimal experience for our panel community.

Q. **What procedures are in place to confirm respondent identity?**

A. Leveraging a technological approach for quality respondent management is central to Innovate's DNA. For over a decade, our team has been developing cutting-edge solutions that thwart even the most advanced online and mobile fraud. We have implemented over two dozen quality check-points in our registration process alone. This approach employs a scoring methodology that allocates points for various behaviors. In isolation, a point may not be indicative of a suspicious user, however when these points begin to accumulate, it becomes quickly apparent that a more nefarious user is attempting to join our panel.

As such, quick action is taken against the prospective panelist by silently deactivating his/her account. As it relates to our B2B sample, we recognize this segment is an especially high demand target for malicious behavior.

Q&A

In response, we conduct an extensive profiling exercise which focuses on business-specific profile questions; layered with red-herring and quality check-point questions. This approach has proven to be very successful in trapping fraudulent respondents who attempt to bypass our system-checks and quality procedures.

Q. **What measures are in place for data protection and data security?**

A. Data security protocols are tightly maintained by our IT administration across all areas of our business. Our internal and external systems are maintained on the Amazon Cloud with multi-region redundancy for maximum security and scalability. As it relates to our internal project management and panel database, user permissions are tightly managed using encrypted passwords. All employees and panel members must log-in using an encrypted password within our secure network. All PII and client details are stored within our encrypted database with limited permissions access. Our staff must follow standard operating procedures for handling and transferring sensitive information and authentication must be verified before access is granted.

As noted earlier in this document, our panelists are monitored on a longitudinal basis, beginning at registration where advanced algorithms and scoring methods are used to evaluate respondent quality. Digital fingerprinting technology is used to detect the use of proxy servers, and other variables indicative of fraudulent behavior (i.e., inconsistent browser and operating language use, mismatch of geography and IP address etc.).

Our quality monitoring system performs dynamic scans to identify suspicious patterns within and across member accounts. Quick action is taken against any panel member that demonstrates behaviors that do not align with our high quality standards.

A best-in-class panel starts with experience. At Innovate, our seasoned team of panel experts have been building online and mobile panels since these modes first emerged. Check out **Innovate's ESOMAR 28**.

Online Research Recruitment & Sampling

Types of Recruitment

- **Internal Panel with over 2MM active panelists** - 50 demographic and behavioral data points, 100% double opt in, IP verification, USPS address verification, and digital fingerprinting ensure that you receive the most targeted, highest quality sample.

- **Gen-Pop Panels** - With more than 30 Million panelists provided to date, ROI Rocket has reach locally, nationally, and even internationally

- **Custom Panels** - – ROI Rocket is one of the largest providers of targeted, private research panels for companies including Wendy's, Crayola, The Discovery Channel, Sprint, MTV, and AT&T to name a few.

- **Clinical Trials** - Whether you are a CRO or a Study Center, ROI Rocket's ability to target medical conditions will be the answer to your clinical trial recruitment needs.

- **Focus Groups** - Highly screened participants for web, phone, or in-person in-depth interviews (IDI).

- **Proprietary Panel Management Software** - Built by our enterprise level software development team stateside, ROI Rocket's panel management software makes building and hosting blind or banded panel a breeze.

- **Customer Service** - Dedicated project management, night & weekend project coverage, and fast bid turnaround times ensure that you receive attentive, responsive, and personal service.

Market Research Experience

- ROI Rocket has been providing the market research with panelists for over 9 years

- ROI Rocket has grown to be one of the largest online recruiters for the market research industry – including companies like Ipsos, NPD, Nielsen, and Lightspeed Research

- Internal Panel – ROI Rocket manages significant double opt-in market research databases that allow segmentation by demographic, attitudinal, and behavioral data points.

Attachment 2

Breakdown of Potential Panelists Screened for USTelecom 2016 SMB Survey

Screening Criteria and Results	Number of Potential Respondents
Total Panelists Screened	5,661
Potential Respondents Disqualified (Reasons for Disqualification Below)	4,600
Relevant Identification (software screen for parties or programs attempting to take the survey more than one time).	176
Less than 18 years of age.	54
Not a full-time employee (more than 30 hours per week), including part-time employees; retired, self-employed, and unemployed individuals; and students.	1,858
Firm in the telecommunications services or telecommunications manufacturing industries.	115
Less than five or more than 100 employees at firm.	861
Potential panelists that said they were "not involved" in area of "the telecommunications products and services used by your business, including telephone, data and internet."	653
Potential panelists who otherwise qualified but, upon reading the service definitions, said they either did not have or were unsure if they had "Business Internet Access" or "Data Networking."	184
Panelists who otherwise qualified but did not identify their Business Internet Access or Data Networking provider(s).	39
Potential panelists eliminated to achieve business size targets.	636
Refused at any time.	24
Potential Respondents Qualified	1,061
Survey Not Completed	266
Survey Completed	795
Small Business (5-24 Employees)	395
5-9 Employees	184
10-24 Employees	211
Medium Business (25-100 Employees)	400
25-49 Employees	201
50-100 Employees	199